

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6062**

**BILL NUMBER:** SB 32

**NOTE PREPARED:** Nov 19, 2014

**BILL AMENDED:**

**SUBJECT:** Alcoholic Beverages.

**FIRST AUTHOR:** Sen. Boots

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill has the following provisions:

- It creates a supplemental dealer's permit. It provides that a supplemental dealer's permit may be issued only to a holder of a beer, wine, or liquor dealer's permit. It allows the holder of a supplemental dealer's permit to sell alcoholic beverages for carryout on Sunday.
- It establishes fees for a supplemental dealer's permit and requires the fees to be deposited in the Enforcement and Administration Fund of the Alcohol and Tobacco Commission (ATC).
- It allows the holder of a package liquor store permit, farm winery permit, or microbrewery permit to sell carryout alcoholic beverages on Sunday without a supplemental dealer's permit.
- It allows a minor to be on the licensed premises of a package liquor store if the minor is accompanied by the minor's parent or guardian who is at least 21 years of age.
- It eliminates residency requirements for alcoholic beverage dealers.
- It repeals a provision that limits the commodities that a package liquor store may sell.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** The bill's provisions creating a supplemental dealer's permit could increase the ATC's administrative costs. However, an increase in expenditures may be offset by an increase

in permit fee revenue.

**Explanation of State Revenues: Summary -**

*Permit Fees:* The bill allows the holder of a beer, wine, or liquor dealer's permit to purchase a supplemental dealer's permit, which would allow the permit holder to sell alcoholic beverages for carryout on Sundays. This provision could potentially increase permit fee revenue by up to \$2.3 M annually. This revenue would be deposited in the Enforcement and Administration Fund.

*Alcoholic Beverage Taxes/Sales Tax:* The bill is not expected to have a significant impact on revenue from alcoholic beverage taxes or sales tax. While it is possible that the added convenience and availability of alcohol sales on Sundays would allow consumers to purchase more alcoholic beverages than they would have otherwise, it is assumed that the majority of consumers are able to purchase all the alcoholic beverages they desire to consume within the hours dictated by current law. Rather than increasing sales, it is more likely that allowing carryout alcohol sales on Sundays would cause a shift in sales throughout the week. The results of recent econometric research estimating the impact of Sunday alcohol sales bans suggests that allowing alcohol sales for carryout on Sundays will not have a significant impact on total alcohol sales or total alcoholic beverage taxes. As a result, it is estimated that the bill would not affect revenue from alcoholic beverage taxes or sales tax.

**Additional Information -**

*Permit Fees:* The bill provides that the annual fee for a supplemental dealer's permit is as follows:

- \$500 if the dealer sells only beer, only wine, or only liquor.
- \$750 if the dealer sells both beer and wine but no liquor, both wine and liquor but no beer, or both beer and liquor but no wine.
- \$1,000 if the dealer sells beer, wine, and liquor.

The estimated revenue impact is based on a count of one-way, two-way, and three-way dealer permits held by grocery stores and drug stores as of August 2014. The estimate is based on the assumption that all current permit holders that are eligible to purchase a supplemental dealer's permit would do so. To the extent that current dealers do not purchase a supplemental dealer's permit, the impact could be lower. The table below shows the number of current dealer's permit holders and revenue estimates for each type of permit, assuming all current permit holders purchase a supplemental dealer's permit.

Permit Type	Number of Active Permits	Estimated Revenue
One-way	94	\$47,000
Two-way	1,800	\$1,350,000
Three-way	854	\$854,000
<b>Total</b>	<b>2,748</b>	<b>\$2,251,000</b>

*Alcoholic Beverage Taxes/Sales Tax:* Alcoholic beverage taxes are distributed in varying amounts to the following funds: state General Fund, Post War Construction Fund, Enforcement and Administration Fund,

Pension Relief Fund, Addiction Services Fund, and Wine Grape Market Development Fund. Fifty percent of the General Fund distribution is allocated to cities and towns according to a formula based on population.

Sales tax revenue is deposited in the state General Fund (98.848%), Motor Vehicle Highway Account (1%), Commuter Rail Service Fund (0.123%), and Industrial Rail Service Fund (0.029%).

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** The bill is not expected to have a significant impact on revenue from alcoholic beverage taxes or sales tax, so local distributions of each tax are not expected to be affected.

**State Agencies Affected:** ATC.

**Local Agencies Affected:**

**Information Sources:** ATC active permit list (August 2014). Bernheim, B. Douglas; Meer, Jonathan; and Novarro, Neva K. "Do Consumers Exploit Precommitment Opportunities? Evidence from Natural Experiments Involving Liquor Consumption." (January 2012). Carpenter, Christopher and Eisenberg, Daniel. "Effects of Sunday Sales Restrictions on Overall and Day-Specific Alcohol Consumption: Evidence from Canada." *Journal of Studies on Alcohol and Drugs*. Vol. 70, No. 1 (January 2009). Hicks, Michael J; and Thaiprasert, Nalitra. "Package Store Retail Structure and the Regulation of Alcohol Sales." (November 2010). Stehr, Mark. "The Effect of Sunday Sales Bans and Excise Taxes on Drinking and Cross-Border Shopping for Alcoholic Beverages." *National Tax Journal*. Vol. LX, No. 1 (March 2007).

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